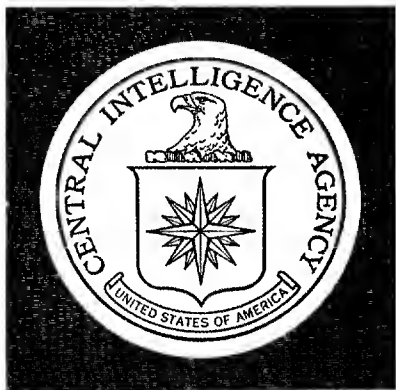


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[South Vietnam: Allied initiatives resulted in a number of sharp clashes during the weekend, but Communist offensive activity remained at a relatively low level.

Mortar and rocket attacks against several provincial and district towns, primarily in the delta, and a rash of terrorist incidents in Saigon highlighted enemy-initiated action.

Heavy rains have inundated several of the northern provinces and kept a damper on military activity. In the past 48 hours, significant ground clashes in I Corps were confined to one area in western Quang Ngai Province where allied forces are trying to counter enemy pressure on a special forces camp.

Allied use of major lines of communications in I Corps has been restricted because of heavy flooding. Many bridges, roads, and waterways have been closed.

Enemy forces have continued to maneuver and probe around Duc Lap in southern II Corps, where two clashes over the weekend resulted in more than 70 enemy killed.

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Czechoslovakia-USSR: Soviet First Deputy Foreign Minister Kuznetsov left Prague for talks with Slovak officials in Bratislava yesterday amid signs of conflicting interpretation of his mission between Czechoslovak and Soviet leaders.

Prior to his departure from the capital, Kuznetsov met with Dubcek, Premier Cernik and President Svoboda. The talks with Dubcek were characterized by Czechoslovak radio as an "exchange of opinions on topical questions of mutual relations"--language which suggests disagreement over the course of Prague's efforts to implement the Moscow accord.

There is evidence, moreover, that Moscow sent Kuznetsov to Prague to monitor Czechoslovak implementation of the agreement and not to determine to what degree it will be accepted by the Czechoslovaks. An unconfirmed UPI report states that Kuznetsov delivered a "warning" to Dubcek to purge all "counter-revolutionaries" or face extended Soviet occupation.

The Czechoslovaks, on the other hand, have been attempting to create an atmosphere conducive to negotiations. A communiqué issued by the party presidium on 6 September said that conditions have been created for "concrete and responsible negotiations by plenipotentiary representatives of both parties to the Moscow agreement."

Soviet propaganda has become increasingly sanguine over the prospects for easing tensions, taking the line that the situation in Czechoslovakia is returning to normal. Continuous allusions to alleged Western subversion and to "counterrevolutionary" forces appear to be a justification of the intervention directed toward those foreign Communist parties that condemned the Soviet action.

[redacted] the Soviet central committee]

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[recently decided to avoid further repressive measures in Czechoslovakia in view of the increased "internal tension" there and because of the situation within the international Communist movement. Moscow apparently hopes to divert attention from the darker aspects of the occupation, and to lay the groundwork for its long-planned international Communist conference, now scheduled for late November. This conclave, however, will almost certainly be postponed.

There are tenuous indications that the Soviet party central committee may meet soon to discuss the Czechoslovak situation. Some ambassadors who are central committee members reportedly have left or are leaving their posts for Moscow, apparently for such a session. A central committee plenum would presumably endorse the Politburo's proposals for a return to normalcy in Czechoslovakia. These probably would include a prolonged military occupation of the country.

A Soviet party plenum could also result in some high-level personnel shifts should the leadership be looking for scapegoats as a measure to ease the "normalization" process in Czechoslovakia. [REDACTED]

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Rumania: The ending on 6 September of a Bulgarian military exercise near the Rumanian border probably has contributed to a relaxation of tensions in the Rumanian regime.

The Bulgarian exercise started on 26 August. It was conducted primarily in central and northeast Bulgaria, while naval elements may also have participated in the Black Sea area adjacent to Bulgaria. Rumania and Yugoslavia apparently have not reduced the alert status of their armed forces, however.

Meanwhile, the Rumanian regime continues to put forward a "business as usual" appearance. The press continues a restrained tone on Czechoslovakia, but is still publishing statements from various organizations supporting the regime.

In addition, Dutch and West German parliamentarians are visiting the country and British Foreign Secretary Stewart arrived in Bucharest yesterday in a demonstration of support for the Ceausescu regime's stand against the occupation of Czechoslovakia. As might be expected, Pravda criticized Stewart's trip as anti-Soviet. On 6 September, Ceausescu met with columnist Drew Pearson for more than two hours, appearing relaxed and unworried throughout the meeting.

Over the weekend, Ceausescu also met with the Hungarian ambassador to Bucharest at the latter's request in what the Rumanian news agency described as a "cordial atmosphere." By holding such talks, Ceausescu seems to be trying to give the appearance of normalcy, emphasizing again Rumania's desire to maintain its all-around contacts.

Rumania's interest in cultivating support among Western European Communist parties was demonstrated on 6 September when a high-level Italian party official arrived in Bucharest. A similar visit is going on simultaneously in Belgrade. The purpose of the

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meetings is unclear, but they are bound to be regarded with a jaundiced eye by the Soviets because all three parties object to the occupation of Czechoslovakia.

The East German party press criticism on 6 September of the presence of West German politicians in Rumania "at this time" will probably raise hackles in Bucharest inasmuch as such criticism was central to the case in Czechoslovakia.

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Japan: Prime Minister Sato is likely to face two challengers for leadership of the ruling Liberal Democratic Party at its convention in November, but his prospects for continuing in power are good.

Foreign Minister Miki, who is expected to resign from his post early next month, and faction leader Maeo have both signaled their candidacies by staking out policy differences with Sato. Miki has sought to establish an independent position by calling for closer Japan-China relations, while at the same time endorsing continued good Japan-US relations. Maeo, in early August, plumped for placing US bases in Okinawa under the limitations of the US-Japan security treaty, while Sato has deferred formulating a firm position on the Okinawa base issue.

Neither Miki nor Maeo commands sufficient strength in the party to defeat Sato, whose position was bolstered by the Liberal Democrat's good showing in the upper house elections last July. They are probably attempting only to establish their credentials as leading contenders in future contests for the party presidency. The only real chance for either challenger hinges on gaining support from factions not aligned with Sato. Unless the prime minister stumbles badly before the convention, however, he almost certainly will continue as party leader.

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North Korea - Japan: Recent discussions between the North Koreans and a visiting Japan Communist Party delegation apparently failed to narrow major policy differences.

the differences stemmed primarily from Pyongyang's unwillingness to line up with either Moscow or Peking. Pyongyang reportedly refused to agree to a joint condemnation of the Soviet occupation of Czechoslovakia, nor would it support the Japanese Communists' proposed international conference opposing the US.

Although Pyongyang has privately shown its distaste for the excesses of the Chinese Communist Cultural Revolution, it has also refused to support formally the Japanese view that the Cultural Revolution has been a failure.

During the discussions, the Japanese also reportedly refused to outline for Pyongyang what action they would take, if any, against American bases in Japan should hostilities break out in Korea. A major concern of Pyongyang has been whether Japanese Communists would undertake sabotage missions against US military bases in Japan in an effort to paralyze the American military.

Further evidence of failure was the lack of a joint communiqué at the end of the talks.

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Portugal: The outcome of 79-year-old Prime Minister Antonio Salazar's brain surgery, following an accidental fall, is expected to be clear only after several days. Initial reports are optimistic and there is no plan to appoint an acting prime minister.

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Israel-Egypt: The heavy exchange of fire that broke out along the Suez Canal yesterday did not cause undue concern among Israeli army leaders. Nonetheless, the eight Israeli fatalities, Israel's contention that Egypt started the shooting, and Israeli plans for a military exercise in Sinai "shortly" will tend to sustain the tensions.

[REDACTED]

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Somalia-Ethiopia: Prospects for better relations between the two countries were significantly improved following Somali Prime Minister Egal's recent talks in Addis Ababa. The most important result of the visit was Ethiopia's agreement to end on 16 September its state of emergency in the Ogaden area along the border with Somalia.

The Ogaden, a perennial tension spot has been harshly administered under emergency regulations by the Ethiopian Army since the Somali-Ethiopian border clashes of 1964. This agreement, a major concession by Addis Ababa, will also considerably enhance Egal's image in Mogadiscio where he has been under criticism for his conciliatory policy toward Ethiopia.

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Ecuador: Foreign petroleum companies probably are entering a difficult period under the newly inaugurated administration of President Velasco Ibarra. The new minister of industries and commerce stated that the government wants to renegotiate petroleum exploration contracts in order to obtain a larger share of revenues. He specifically included the most recent concessions, some 10.9 million acres in eastern Ecuador granted to 14 companies on 12 July. It is likely that the Texaco-Gulf consortium, whose success in drilling eight producing wells since early 1967 spurred the interest of other foreign companies, will have to renegotiate its concession contract.



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